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Gentlemen:

My firm and James B. Witkin of Linowes and Blocher LLP represent Herron 393, LLC ("Herron"). I am writing this letter in response to a meeting held on July 26, 2007, between representatives of the United States Environmental Protection Agency, Region III ("EPA"), Guardian Environmental Consultants ("Guardian"), USA Consultants, and Herron 393 regarding a CERCLA removal action.

This CERCLA action was originally initiated under an EPA Action Memorandum dated September 28, 2005. At that time, EPA investigated a 55 acre area of concern known as the Elkton Farm Firehole Site ("Firehole Site") and determined that a removal action was warranted to control the release or threat of release of hazardous substances, including, but not limited to, Munitions and Explosives of Concern ("MEC"), Unexploded Ordnance ("UXO") or Discarded Military Munitions ("DMM") or related debris, and Asbestos Containing Material ("ACM"). In addition, EPA found that portions of this Property were used by a private company and the U.S. Government for burning munitions and combusting and cleaning rocket motors.

Last year, my client Herron purchased the Elkton Farm property as a Bona Fide Perspective Purchaser ("BFPP"). It is important to note, that Herron had absolutely no involvement in the contamination of the Property. Herron is not, and has never been named as a potentially responsible party ("PRP") at the Property, and is not affiliated with any person or entity named as a PRP. Moreover, Herron executed a windfall lien

waiver on the Property, to offset any potential cost recovery action by the federal government. Herron worked with EPA and DOJ to arrive at a monetary agreement for the windfall lien waiver.

As the new owner, Herron signed an access agreement allowing EPA Region III and its contractors access to remove all waste from the site. This Access agreement also emphasized communications between EPA Region III and Herron. Since that time, EPA Region III has been extremely responsive in communicating with Herron through email correspondence, telephone calls, and in-person meetings, regarding the CERCLA removal action.

We appreciate EPA Region III's efforts in keeping Herron informed. Especially during the Request for Proposal ("RFP") stage, in which EPA Region III selected Guardian Environmental Services, a Delaware environmental consulting group to conduct the site's CERCLA removal action.

EPA Region III held a preliminary meeting on February 27, 2007 in Delaware (Guardian's office) to discuss Guardian's plan for waste removal. Although I expressed liability concerns with placing waste in unlined treatment ponds, it was my impression that all parties concurred that waste from the firehole site would be removed offsite. This issue of waste removal was not a new issue, as you can see below; it was discussed previously in the access agreement between EPA Region III and Herron. That access agreement clearly stated the following:

"Herron hereby consents to entry to the Property by EPA and its employees, agents, contractors, authorized and designated representatives, and other persons performing response activities under EPA oversight (hereinafter collectively "EPA") for the purpose of conducting response activities under Section 104 of CERCLA, 42 U.S.C. §9604, and in accord with the September 28, 2005 EPA Action Memorandum authorizing EPA response action on the Property ("Action Memorandum"). The response activities to be performed by EPA at the Property are expected to be limited to the area of the Property labeled "EPA Work Area," along with adjacent areas necessary to implement the response action, as shown on Exhibit A. EPA's response activities are expected to include, but not necessarily be limited to:

- (a) the taking of soil, water and air samples on the Property as may be determined to be necessary by EPA;
- (b) the onsite detonation of Munitions and Explosives of Concern ("MEC") related debris, as defined in the Action Memorandum;
- (c) the removal of asbestos containing material and soil;
- (d) the creation of temporary access pathways to and through the Property by cutting of vegetative matter as necessary for access and response purposes.

- (e) other actions related to the investigation of subsurface or surface contamination;
- (f) staging of storage (conex) boxes for staging of materials or equipment and staging of CERCLA hazardous substances prior to transport off site;
- (g) **transport of all wastes (including any wastes which qualify as "hazardous waste" under RCRA Subtitle C) to a facility approved by EPA;**
- (h) the erection of warning signs throughout the Property;
- (i) performance of post-cleanup confirmation soil sampling and treatment/staging of contaminated soils;
- (j) transport of equipment onto and about the Property as necessary to accomplish the above activities."

On July 26, 2007, a follow-up meeting was held in Delaware, to discuss the removal plan in greater detail. According to EPA Region III, asbestos material and drums will be placed in separate piles and left on-site, due to the cost of removal. As for the munitions waste, the removal action would involve a 'hydro-aerations' screening process that will place residual slurry into an unlined pond outside the firehole area. From what I gathered, a sump area near the top of the unlined pond will be established. As the slurry from the screening vaults is pumped into the pond, it is expected that the water level will rise to the top and enter the sump area to be pumped out. The only drying method for the remaining slurry at the bottom of the unlined pond will more than likely be evaporation or groundwater migration. Once the hydro aeration process is completed, EPA Region III plans to cover the pond with fill. Moisture and slurry at the bottom of the unlined pond will be left in place. It could be months or years before the slurry left on-site dries out – when this concern was expressed neither EPA Region III or Guardian was able to give an estimate of drying time.

Herron's BFPP status could be at risk because of two important issues: 1) if waste is left on-site a future release may occur; and 2) the area of contamination could extend beyond the original 55 acres. The statute clearly states a level of care and the need for reasonable steps to stop any continuing release, in order to maintain a person's BFPP status.

According to CERCLA § 101(40) (D).

(D) Care.— The person exercises appropriate care with respect to hazardous substances found at the facility by taking reasonable steps to—

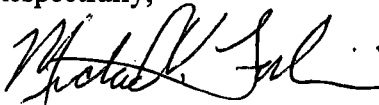
- (i) stop any continuing release;
- (ii) prevent any threatened future release; and
- (iii) prevent or limit human, environmental, or natural resource exposure to any previously released hazardous substance.

I am concerned about EPA Region III's approach to this CERCLA action, given that: 1) asbestos waste piles will be left on-site; and 2) slurry-waste from the hydro-aeration screening process will be covered and left in place in an unlined pond outside the firehole area. I am especially concerned with safeguarding Herron's BFPP status, which is warranted for the construction loans to finance the construction of the development, as well as the water and sewer treatment plants, which Herron has agreed to provide. Cecil County has expressed a great interest in the development of this infrastructure, since several of their waste water treatment plants are not expected to meet compliance standards in the near future. It is those construction loans and insurance coverage that Herron must worry about securing. Lenders and insurers have relied on issuing their loans and policies knowing that Herron has a BFPP status. Leaving waste on-site could also impact Herron's participation in the State's Voluntary Cleanup Program.

Herron has always relied on EPA Region III's commitment to remove all waste from the Elkton firehole site. This was guaranteed in both the windfall lien waiver agreement and the access agreement. Leaving slurry waste and asbestos waste piles on-site was never agreed to by Herron, since it may result in an unfair cost and future liability for Herron to manage.

In closing, I am requesting an opinion on Herron's BFPP status, if EPA Region III's actions described above, result in a new release at the site. I appreciate your time and consideration and kindly ask that this issue be addressed in a timely manner.

Respectfully,



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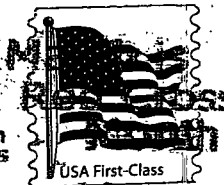
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